THE ARBITRATION PLAN OF WILLIAM FILENE'S SONS COMPANY

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Thoughtful industrial managers are beginning to appreciate what havoc the fear of loss of a job works in the mind of an employe. An ever-present sense of impending calamity spells lack of hope, ambition, interest and efficiency. Two of the chief of these first-rate creators of doom are the fear of loss through the ending of the job and the fear of dismissal through the unjust and arbitrary act of an executive. Significant attention is being given to the lessening of these two forms of this evil. The firm of William Filene's Sons Company has, by the establishment of their arbitration agreement, taken a significant step in preventing arbitrary dismissal of employes.

An Arbitration Board of twelve members is elected semi-annually by secret ballot by *all the employes* of the store. In practice, nearly all of the members of this board are from the rank and file, only two or three being minor executives. Any employe of the store may bring a complaint before the board, covering such cases in which he or she "has reason to question the justice of a decision by anyone in a higher position or by the corporation or by a Filene Coöperative Association Committee or between the employes when the difference is in relation to store matters."

Some of the other rules follow:

The decision of the board is final for all cases arising within its jurisdiction.

In cases of dismissal a two-thirds vote of the members of the Arbitration Board present at the time the case is heard shall be an order on the store manager for reinstatement, provided that a majority of the full board be present.

In all the other cases a majority vote of the entire board will decide the case and in cases of salary reduction shall be an order for refund.

Both parties in the case may be present throughout the taking of evidence.

The appellant or the defendant may choose a person to help present his case before the board or to act as his representative.

After hearing witnesses called by both appellant and defendant, and such other witnesses as it may summon, the board makes up its decision.

The test of the value of any such plan as this must lie in the answer to the question, "How does it work?" No matter how correct it may be in its theoretical provisions, it can be of little value unless the attitude of the firm and the employes is one of approval. This arbitration system has been in operation for fifteen years. At first the more extreme radicals of the employes were elected to the board. Since this necessarily resulted, at times, in decisions that were not only unfair to the firm, but also unfair to the employes, the tendency has developed among the employe-voters to elect more judicially minded employes to membership on the board. The practice of electing such persons and reëlecting them after they have been discovered has led to an attitude on the part of the board which is fair to the firm as well as to the individual employe. Accordingly, about 55 per cent of the decisions favor the employe, and 45 per cent favor the employer. One of the executives of the employment department reports that "in 99 per cent of the cases in which the decision is against us, we are wrong."

The importance of the work of the board, however, lies less in the decisions that are made than in the decisions and disputes which are avoided. The executive who dismisses an employe, for example, knows that his act must satisfy the sense of fairness of a group representing the *employes alone*. Accordingly, he refrains from taking an action which he knows will be reversed. Largely for this reason, only a few cases come before the board,—only two in the four-months' period from June to September, 1916.

The effect of this situation is to make the executive think carefully and try to settle difficulties "out of court." Rather than go before the board and have a poor case disclosed, he will perhaps have a conference with the employment department, the store manager, the employe and the latter's representative who is often the Executive Secretary of the Employes' Association. If it develops in this conference that the employe is probably in the right or that there is some justice on both sides which permits of fair compromise with good results, the case is quite likely to be settled then and there to the satisfaction of both sides, and an arbitration case avoided. This can only be done, however, if both sides do get satisfaction in this manner. This pressure tends to create coöperation in this way instead of working against it and for friction.

Although the contrary might be assumed, this practice of subjecting the decisions of a departmental executive to a higher review involves, in practice, no undermining of the authority of that executive over his people. In a recent meeting of the executives of the store, a question was raised asking which executives had had employes reinstated over their heads by the board. Nearly all of them had had this experience; but, until the cases were brought to their attention none of them *recalled* the experience, so harmoniously had the reinstated employe been assimilated into the organization.

The definite attitude of the employes is necessarily somewhat more difficult to obtain. It is the universal attitude of the employes that the board is a court of last resort, to be used only in case there is real justice in a claim. Very few of them want to come before the board, unless they have a real grievance and most employes will not appeal for arbitration, frequently preferring to keep their grievance to themselves. Consequently, petty claims are not brought up and an employe generally has a really just claim of some sort before he will air it before the board. In the minds of the employes, however, there exists always this potential court of appeal, whose machinery is sufficiently simple to make it practicably available.

Surely, here is a step in industrial democracy which is worthy of more extensive attention and investigation.